

Bill No. 6588 - AN ACT CONCERNING RENT STABILITATION

Bill No. 6589 - AN ACT CONCERNING RENT STABILITATION IN MOBILE MANUFACTURED HOME PARKS

OPPOSE AS WRITTEN

To the esteemed members of the Housing Committee:

My name is Eric Rogers and I am a member of CT Association of Real Estate Investors, CT Property Owners Alliance and CT Coalition of Property Owners. I have owned and operated several units in central Connecticut for more than 15 years.

I provide the following testimony:

While there are examples of extreme rent increases, these should be handled by local fair rent commissions, which has recently been expanded. Instituting a rent increase across the board does not factor the broader ramifications, not only to property owners, but also to residents.

- The glaring problem with these bills is that many costs associated with operating a building has in fact increased substantially more than the advertised consumer price index. Even if the mortgage is fixed, the cost of all other expenses are up significantly. For instance, on average for properties that I manage:
 - Taxes are up 20-100% (yes, property taxes have doubled in Hartford)
 - Insurance is up 15%+,
 - Cost of labor is up 20%
 - Cost of utilities is up 30%+
- Expenses will likely be prioritized, and now certain expenses will be forced to be deferred. Most likely the debt service and property taxes will be paid before capital expenses (heating systems, roofs, etc.). This will ultimately lead to the inability to maintain the properties in good condition -> this hurts residents.
- Hurts residents by decreasing housing options. Rent caps have historically resulted in an increase in condo conversions, or taking the unit offline for other non-residential uses.
- Dramatically makes it harder to pay debt service, which will lead to an eventual increase in foreclosures – exacerbating another issue.
- Disincentivizes future investment in property -> think run down houses! There have been past studies showing this.
- We have existing fair rent commissions already; this rent cap is unnecessary and harmful.
- Likely to slow / decrease property values.
- Property owners aware of the upcoming bill will likely push large rent increases to "lock it in"
- Freezing rents during a State Wide Health Emergency does not consider the right of the property owner to adjust rents to pay for operating expenses, which without a doubt would be increasing in cost during the same time period.
- This is just another bill being proposed which encroaches on property owner's rights; provides another example to leave the state. The CT Constitution states that property of no person shall be taken for public use without just compensation. Rent caps essentially deprives the property owner of funds necessary to operate the building.
- Questionable on how it factors market rents - what if you didn't raise rents over time and now you try to raise them to cover costs and there is the cap? There may be provisions in the bill about this, however, property owners to navigate this and get a timely response will frustrate all parties, and adds to the bureaucracy.

At the end of the day – the idea of a rent cap may seem "like a good idea" to many upset residents, but it is not well thought out. If enacted, this will hurt property owners **AND** tenants - this is what tenants do not seem to understand. These ideas gain media attention and there are a lot of vocal people. While there are examples of bad property owners, and examples of extreme & quick rent increases -> these should be handled by existing systems, not by applying a cap across the board. Property owners' rights are continually encroached on in this state.

Thank you for your consideration.
Eric Rogers